EXHIBIT 3

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
W. R. GRACE & CO., *et al.*,	)	Case No. 01-01139 (JKF) (Jointly Administered)
	)	Hearing Date: September 15, 2008 Pittsburgh, PA
Debtors.	)	
	)	Relates to Docket Nos. 19072 and 18922

DECLARATION OF EDWIN N. ORDWAY, JR. IN SUPPORT OF THE RESPONSE OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO DEBTORS' OBJECTION TO THE UNSECURED CLAIMS ASSERTED UNDER THE DEBTORS' CREDIT AGREEMENTS DATED AS OF MAY 14, 1998 AND MAY 5, 1999

EDWIN N. ORDWAY, JR. states the following under penalties of perjury:

1. I am an Executive Director and the Managing Member of Capstone Advisory Group, LLC ("Capstone"), the financial advisor to the Official Committee of Unsecured Creditors (the "Creditors' Committee"). A copy of my curriculum vitae is attached as Exhibit 1 to this Declaration.

2. I make this Declaration in support of the Creditors' Committee's Response to Debtors' Objection to the Unsecured Claims Asserted Under The Debtors' Pre-Petition Credit Agreements, filed with the Court on or about July 11, 2008 [Docket No. 19072]. The information set forth in this Declaration is based upon my review and analysis of factual data accumulated as part of Capstone's ongoing services to the Creditors' Committee.

The 2% Default Rate in the Pre-Petition Credit Agreements is Industry Standard

3. The contractual interest rate under the Debtors' Pre-Petition Credit Agreements is, in sum, the ABR plus a 2% default rate. "ABR" refers to the Alternate Base Rate as defined in the Debtors' Pre-Petition Credit Agreements. The ABR, as applicable, is the U.S. Prime Rate adjusted from time to time, which, during the period of these bankruptcy cases, ranged from a low of 4.00% on June 27, 2003 to 8.25% on June 29, 2006 and was 5.9% on a weighted average basis during these bankruptcy cases. Consequently, the amounts sought by the Lenders under the Pre-Petition Credit Agreements are as low as 6% during some portion of these cases and as low as 8% on a weighted average basis throughout these cases.

4. In their objection to the bank debt holders' claims, the Debtors assert that the 2% default rate contained in the Debtors' Pre-Petition Credit Agreements[1] is "far from de minimus." To the contrary, the 2% default rate is industry standard. Capstone reviewed 55 credit agreements related to syndicated loan transactions executed between January 1, 1998 and December 31, 1999. Of the credit agreements we reviewed, the deal sizes of which were between $300 million and $700 million, **all** such credit agreements provided for a default interest rate of 2% or more. I believe that the agreements we reviewed are typical of credit agreements entered into during that time period. Attached as Exhibit 2 is a list of the syndicated loan transactions reviewed by Capstone in this regard as well as the search criteria used to generate this list.

The Debtors' Market Capitalization has increased 1900% since the Petition Date

5. From the Petition Date of April 2, 2001 to August 13, 2008, the Debtors' Market Capitalization[2] has grown by a multiple of almost 19 times, as illustrated in the chart below:

	Share Price[3]	Shares Outstanding[4]	Market Capitalization[2,5]
Petition Date	$ 1.52	65.3	$ 99.3
↓	↓		↓
August 13, 2008	$ 26.56	72.1	$ 1,915.0
% Increase in Value since Petition Date	*1747%*		*1929%*

[1] I refer in this Declaration to the holders of bank debt under the Debtors' Pre-Petition Credit Agreements as the "Lenders."
[2] "Market Capitalization" is defined as a company's outstanding shares multiplied by the closing share price as of the date of reference.
[3] Closing share price as of April 1, 2001 and August 13, 2008, respectively.
[4] Shares outstanding, in millions, as of March 31, 2001 and July 31, 2008, respectively. Shares outstanding is according to the Debtors' most recent publicly filed quarterly report.
[5] In millions of dollars.

Share price alone, excluding the impact of incremental shares issued since the Petition Date, has increased by over **1700%**, as shown above. Although share price is not necessarily directly correlated to company performance, such substantial growth is a clear indication that the public markets recognize the Debtors' strong ongoing earnings (and, therefore, value) generation notwithstanding the yoke of bankruptcy.

The Debtors' Revenues and Earnings have improved Dramatically since the Petition Date

6. The Debtors' business performance also improved dramatically during this period. We compared Revenues and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") for the fiscal year 2000 to the Debtors' actual performance for the fiscal year 2007. EBITDA is a widely used measure of a company's profitability before considering cost of debt and taxes as well as non-cash costs such as depreciation and amortization. The increase in both Revenues and EBITDA indicate growth of 95% and 44.9%, respectively, suggesting a Compound Annual Growth Rate ("CAGR") of 10% and 5.4%, respectively. The following chart illustrates these and other points more clearly:

			Increase		7-Year
(Dollars in millions)	**FY 2007**	**FY 2000 (a)**	**($)**	**(%)**	**CAGR**
Revenues	$ 3,115.2	$ 1,597.5	$ 1,517.7	95.0%	10.0%
EBITDA	$ 398.0	$ 274.7	$ 123.3	44.9%	5.4%
Year-end Cash Balances	$ 536.3	$ 191.9			15.8%

(a) Last full year before the Petition Date of April 2, 2001.

Again, the Debtors have been able to create significant enterprise value, bankruptcy notwithstanding and despite the difficult economic headwinds of the past 18 months. The value created by the Debtors during these bankruptcy cases was made possible, in some part, by the creditors' support of the Debtors' use of such cash to fund numerous strategic acquisitions and otherwise reinvest in their businesses. The total amount of cash used by the Debtors since the Petition Date related to acquisitions and capital expenditures is nearly $1 billion.

<u>Equity Value increased by over 1700% since the Petition Date, far exceeding the increase in Bank Debt Value</u>

7. The equity holders of the Debtors have benefitted substantially as compared to the Lenders, in part from the use of the Lenders' cash. Capstone also compared the growth of $1 worth of equity from the Petition Date to August 13, 2008 to the growth in $1 worth of the bank debt under the Debtors' Pre-Petition Credit Agreements, assuming the accrual of interest at ABR plus 2% default interest through December 31, 2008, as follows:

	Equity Value	Debt Value
As of Petition Date, April 2, 2001	$ 1.00	$ 1.00
↓	↓	↓
As of August 13, 2009	$ 17.47	$ 1.83
% Increase in Value since Petition Date	*1747%*	*183%*

As the chart indicates, although the value of $1 of equity has grown over *seventeen-fold,* the value of the Lenders' claims, assuming the accrual of interest at ABR plus the 2% default rate, has grown less than *two* times through December 31, 2008.

<u>The Amount Of Default Interest due the Lenders is De Minimus in comparison to the Debtors' Value Under Various Metrics</u>

8. The default interest at issue is a relatively small amount in the context of these cases. Compared below is the total interest to be accrued through December 31, 2008 under both the amount proposed to be paid by the Debtors under the plan settlement Term Sheet publicly disclosed on or about April 7, 2008 (the "Proposed Plan") and that calculated using ABR plus a 2% default rate:

	Interest Amount
Interest per the Proposed Plan through December 31, 2008	$ 323.4
Interest calculated at ABR plus a 2% default rate through December 31, 2008	$ 414.2
Amount of Interest at Issue	**$ (90.8)**

The differential between the amount of interest sought by the Lenders and that offered under the Proposed Plan is approximately $91 million through December 31, 2008. Given the amount of

value generated over the more than seven years the Debtors have been in bankruptcy and the resulting benefit now available to all stakeholders of the Debtors, the incremental amount being sought by the Lenders is de minimus.

9. To further illustrate the comparative significance of the value generated by the Debtors versus the value being sought by the Lenders (*i.e.*, post-petition interest accrued using ABR plus the 2% default rate), we compared a number of metrics specific to the Debtors to the incremental $91 million of interest:

	Cumulative Revenue [6]	Cumulative EBITDA[6]	Total Equity Value	Value per Share[7]
($ in millions)	$ 15,905.0	$ 2,110.0	$ 1,915.0	72.1
$91 million of Interest at issue is % of:	0.6%	4.3%	4.7%	$ 1.26

10. As illustrated above, the incremental $91 million of value represents a small percentage of all of the above metrics of the Debtors' performance. In particular, the value each shareholder would need to provide to the Lenders to ensure payment of post-petition interest at ABR plus the 2% default rate is an immaterial $1.26 per share (*i.e.*, approximately 5% of shareholder value).

11. Thus, the approximately $91 million at issue necessary to provide the Lenders with post-petition interest at the contractual ABR plus 2% default rate under the Pre-Petition Credit Agreements is but a minimal fraction of the Debtors' significantly increased value – a value, based on market capitalization, that has increased approximately **19 times** during the almost seven years of these bankruptcy cases.

Executed on August 14, 2008, at Saddle Brook, New Jersey.

Edwin N. Ordway, Jr.

[6] Cumulative Revenue and EBITDA include the 2nd, 3rd and 4th quarters of 2001 and annual amounts from 2002 through 2007.
[7] The amount of $1.26 per share is calculated by dividing the $90.8 million sought by the Lenders by the total number of shares outstanding.

Exhibit 1

Curriculum Vitae of Edwin N. Ordway, Jr.

background

Ed Ordway is an Executive Director and the Managing Member of Capstone Advisory Group, LLC, and is based in New Jersey. He specializes in providing financial restructuring advisory and investigative services to companies, creditors, equity holders and third-party purchasers in the workout and financial communities. Mr. Ordway has also served as a court appointed examiner, as a trustee, and has provided expert testimony concerning bankruptcy matters.

cases

Mr. Ordway has represented various parties-in-interest of troubled companies including: Kmart; Citation; APS Auto Parts; W.R. Grace; Purina Mills; Vencor Inc.; Loews Cineplex Entertainment; Polaroid; Sunbeam; National Energy Group; U.S. Industries; Atlas Air; and U.S. Office Products.

industry experience

His industry expertise includes automotive, retail, entertainment, apparel, manufacturing, chemicals, real estate, broadcasting, financial services, import/export, energy, consumer products, and transportation.

Prior to co-founding Capstone, Mr. Ordway was a Senior Managing Director at the Policano & Manzo legacy practice at FTI Consulting for fourteen years, most recently as co-leader of FTI's national restructuring practice. Previously, he spent five years as Chief Operating Officer of Knickerbocker Associates, a real estate development and investment company with projects valued in excess of $100 million. He was also with a major auditing firm for eight years.

education

Mr. Ordway holds a BA in Economics and Accounting from Rutgers University. He is a Certified Public Accountant whose professional memberships include the Association of Insolvency and Restructuring Advisors, the New Jersey State Society of CPAs, and the American Institute of CPAs. He has spoken at professional forums and to institutional lenders on topics ranging from DIP financing and valuation to exit financing strategies, among other troubled company issues.

Exhibit 2

Syndicated Loan Deals Reviewed By Capstone

Selection Criteria

1. Using "Bloomberg" information services, we searched all public filings filed with the SEC and included in the SEC's EDGAR database during 1998 and 1999.
2. We focused our search on all public filings that:
    a. Included credit agreements, executed between January 1, 1998 and December 31, 1999, and
    b. Included credit agreements that provided for a default rate of interest, and
    c. Included a reference to a Base Rate.
3. From the list generated, we selected all syndicated loans in which the syndicated deal size was between $300 million and $700 million.

Exhibit 2 (Cont'd.)

Loan Syndications Reviewed By Capstone

Syndicated Loans - 1998

$300 million to $700 million
Source: Bloomberg & SEC Documents

Company		Amount ($millions)		Default Rate Increase	Date
1	Capital Trust	$	355.0	5.0%	1/1/1998
2	Marriott International Inc	$	620.0	2.0%	1/30/1998
3	Magellan Health Services	$	700.0	2.0%	2/12/1998
4	Office Depot Inc	$	300.0	2.0%	2/20/1998
5	Lin Television Corp	$	345.0	2.0%	3/3/1998
6	Chesapeake Acquisition Corp	$	500.0	3.0%	3/9/1998
7	Greif Brothers	$	325.0	2.0%	3/30/1998
8	Young & Rubicam	$	400.0	2.0%	5/8/1998
9	Huntsman Packaging de Mexico	$	510.0	2.0%	5/14/1998
10	Dynatech Corp	$	370.0	2.0%	5/21/1998
11	Hospitality Properties Trust	$	300.0	2.0%	6/10/1998
12	American Tower LP	$	650.0	2.0%	6/16/1998
13	Arch Paging Inc	$	400.0	2.0%	6/29/1998
14	USEC Inc	$	700.0	2.0%	7/28/1998
15	Citation Corp	$	400.0	2.0%	8/3/1998
16	US Home Corp	$	300.0	2.0%	9/11/1998
17	Key Energy Group - Dawson	$	550.0	2.0%	9/14/1998
18	Duke Realty LP	$	450.0	2.0%	9/24/1998
19	Aimco-Apartment Investment & Management	$	400.0	3.0%	10/1/1998
20	Modis Professional Services Inc	$	500.0	2.0%	10/30/1998
21	Cornerstone Properties Inc	$	550.0	4.0%	11/3/1998
22	Palace Station	$	425.0	2.0%	11/6/1998
23	Autozone Inc	$	350.0	2.0%	11/13/1998
24	Developers Diversified Realty	$	375.0	2.0%	11/16/1998
25	Hechinger Co	$	600.0	2.0%	12/31/1998
26	Ames Department Stores Inc	$	650.0	2.0%	12/31/1998
27	Pharmerica-Amerisource Distribution Corp	$	325.0	2.0%	12/31/1998
28	Park Place Entertainment-RIO	$	650.0	2.0%	12/31/1998

High	$	700.0	5.0%
Low	$	300.0	2.0%
Mean	$	464.3	2.3%
Median	$	412.5	2.0%

Exhibit 2 (Cont'd.)

Loan Syndications Reviewed By Capstone

Syndicated Loans - 1999

$300 million to $700 million
Source: Bloomberg & SEC Documents

	Company		Amount ($millions)	Default Rate Increase	Date
1	Prison Realty Corp	$	650.0	2.0%	1/1/1999
2	Chesapeake Corp	$	450.0	2.0%	1/18/1999
3	Chesapeake Corp	$	450.0	2.0%	3/15/1999
4	Hechinger Co	$	700.0	2.0%	3/18/1999
5	SpectraSite Holdings	$	500.0	2.0%	4/20/1999
6	Bergen Brunswig Drug	$	600.0	2.0%	4/23/1999
7	Harrahs Entertainment Inc	$	375.0	2.0%	4/30/1999
8	Ceridian - ABR Information Services Inc	$	450.0	2.0%	6/7/1999
9	Wesco International Inc	$	400.0	2.0%	6/29/1999
10	Hechinger Co	$	700.0	2.0%	6/30/1999
11	Duke - Weeks Corp	$	450.0	2.0%	7/2/1999
12	National Golf Properties Inc	$	300.0	2.0%	7/30/1999
13	Concentra Managed Care Inc	$	475.0	2.0%	8/17/1999
14	Camden Property Trust	$	375.0	4.0%	8/18/1999
15	Station Casinos Inc	$	450.0	2.0%	8/25/1999
16	Kellwood Co	$	350.0	2.0%	8/31/1999
17	Checkpoint Systems	$	425.0	2.0%	10/1/1999
18	Flowserve Corp	$	460.0	2.0%	10/7/1999
19	Devon Energy Corp	$	475.0	2.0%	10/15/1999
20	Cooper Tire & Rubber Co	$	350.0	2.0%	10/15/1999
21	Lanier Worldwide Inc	$	700.0	2.0%	10/20/1999
22	Modis Professional Services Inc	$	500.0	2.0%	10/27/1999
23	Kilroy Realty Corp	$	400.0	6.0%	11/8/1999
24	Premcor - Huntway Refining Co	$	620.0	2.0%	11/19/1999
25	Health Management Associates	$	600.0	2.0%	11/30/1999
26	Citation Corp	$	360.0	2.0%	11/30/1999
27	Unicom Ent Corp	$	400.0	2.0%	12/17/1999

High	$	700.0	6.0%
Low	$	300.0	2.0%
Mean	$	480.2	2.2%
Median	$	450.0	2.0%